

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7467

BILL NUMBER: HB 1646

NOTE PREPARED: Feb 18, 2005

BILL AMENDED: Feb 17, 2005

SUBJECT: Viatical Settlements.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill removes a viatical settlement contract or an interest in a viatical settlement contract that is entered into before March 17, 2000, from the definition of "security" for purposes of the law regulating securities. The bill removes a provision specifying that the insured has a catastrophic or life threatening condition for purposes of regulation of a viatical settlement. It prohibits certain actions related to viatical settlement contracts. It requires a viatical settlement broker, a viatical settlement agent, and a viatical representative to obtain a viatical settlement intermediary license. The bill specifies requirements for a viatical settlement intermediary license.

Effective Date: (Amended) Upon passage.

Explanation of State Expenditures: (Revised) The bill requires viatical settlement brokers, viatical settlement agents, and viatical representatives to obtain a viatical settlement intermediary license from the Department of Insurance (DOI). However, the bill will have no impact on the DOI because the DOI will be able to implement this provision given its existing budget and resources. The DOI currently provides viatical settlement provider licenses.

The DOI Commissioner must, not later than December 31, 2005, designate a viatical settlement intermediary examination for use in licensing of a viatical settlement intermediary. The Commissioner must also, not later than December 31, 2005, approve continuing education courses for a viatical settlement intermediary license renewal. If the Commissioner denies a viatical settlement intermediary's request, the viatical settlement intermediary must complete the continuing education requirements within 90 days after the Commissioner notifies the viatical settlement intermediary of the denial. The DOI may regulate a viatical settlement

intermediary in the same manner that it currently regulates a viatical settlement provider. The DOI should be able to implement these provisions given its existing budget and resources.

The DOI may examine the business and other affairs of a viatical settlement intermediary applicant. The viatical settlement intermediary applicant must pay the expenses of an examination. This provision will result in no additional expenses for the DOI.

Explanation of State Revenues: The DOI must adopt rules to set the viatical settlement intermediary licensing fee. A viatical settlement intermediary license must be renewed on July 1 of the fourth year after the license is issued or renewed. A viatical settlement intermediary may renew a license by applying for renewal and paying the renewal fee of \$20. The amount of revenue that will be generated by the new license is indeterminable, but will depend, in part, on the fee established.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Amy Strati, Acting Commissioner, DOI.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.